—News in brief—

Revco buys Stanton

TWINSBURG, Ohio—Revco D.S. Inc. has purchased the Stanton Corporation of Chicago for an undisclosed amount. Stanton markets written tests that measure honesty among job applicants and current employees. Two other Revco security concerns, Citadel Alarm and A. Madley Corporation, will be merged with Stanton.

"Internal dishonesty costs American business over $40 billion annually, more than burglary or robbery," says Revco's chairman Sidney Dworkin. "Ultimately, the consumer must compensate for this loss." Dworkin adds that in every case where a client uses Stanton, shrinkage has been reduced.

Wholesaler groups eye merger

ALEXANDRIA, Va.—The National Wholesale Druggists Association (NWDA) and the Drug Wholesalers Association (DWA) are jointly investigating the possibility of merging.

Each association has appointed a five-member committee to investigate the possibility of a merger, and a recommendation will probably be made by late summer or early fall.

A merger would give the wholesaler industry a united front in the legislative arena and would also allow both memberships to share a common pool of resources.

If a merger is effected, DWA, a nine-year-old association representing approximately 70 other companies with 75 distribution centers, would be absorbed into NWDA which represents 115 owner companies operating more than 300 distribution centers. Now more than two-thirds of DWA's present members also belong to the 108-year-old NWDA.

Sources say that if the merger is approved, Charles Trefrey, who is the executive vp of DWA, would join NWDA as executive vp. He would eventually succeed Bill Ford as NWDA president.

Jewel converts Star units to Osco name

BOSTON—Jewel Companies has replaced some of its problem Star supermarket units in this area with Osco drug stores. Sources say that the Chicago-based Jewel has converted at least three of its 15,000-sq.-ft. to 20,000-sq.-ft. Star markets to Osco units and that more may be converted in the future.

Alco acquires Brown Drug

VALLEY FORGE, Pa.—Alco Standard, parent company of Alco Health Services drug wholesalers, announced May 18 it would purchase Brown Drug Co., a drug wholesaler headquartered in Sioux Falls, S.D.

The terms of the purchase were not disclosed. However, a spokesman for Alco said there were no plans to change the management or the name of Brown Drug, which has three locations in South Dakota.

Alco Health Services is the third-largest pharmaceutical distributor in the United States and serves 23 states. In addition to drugs, it also wholesales health and beauty aids and general merchandise. The spokesman said the wholesaler will have earnings of $8 million this year.

Apex wins appeal on protesters

NOVI, Mich.—Apex Drugs has won an appeal from the National Labor Relations Board to halt the protesters outside of its stores. For two years, picketers have attempted to stop customers from shopping Apex because the chain hired nonunion employees. The stores, former Cunningham outlets, had been unionized prior to Jim Devine's acquisition of the units to form Apex.

"Now we've won," says Devine. "The picketers are gone and we remain nonunion."

Revco announces appointments

TWINSBURG, Ohio—Revco D.S. Inc. announced several new appointments earlier this month. Leonard Cohen, formerly assistant vp of personnel, has been promoted to the post of vp of personnel. Richard Harpster, who had most recently been director of taxes, was named assistant vp of taxes. Mark Schroeder, who joined Revco in 1979 as a real estate representative, was appointed assistant vp of real estate. The chain also named Douglas J. Lightner assistant treasurer. Lightner joined Revco in 1983 as director of financial planning.

Walgreens wins award

NEW YORK—The Fragrance Foundation named Walgreens as retailer of the year during its annual fragrance week celebration.

Vern Brunner, sr. vp marketing, accepted the award.

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Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in April, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate $15 per year; $27/two years. Single copy rate $2.00. Outside U.S.A.: Canada $16, $29/two years. Foreign subscriptions: Airmail only $100 per year.

Second-class postage paid at New York, N.Y., and additional mailing offices.

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Vol. 6, No. 14 June 25, 1984

Compromise generics bill gets Congressional priority

WASHINGTON—The final version of Rep. Henry A. Waxman's Drug Price Competition bill has been put on a fast track in Congress.

The measure, which was put in the hopper earlier this month, represents a major compromise between brand-name manufacturers and the generic drug industry on one of the most heated drug approval issues to come along in some time.

Specifically the bill would grant generic manufacturers fast-track Food and Drug Administration approval of generic versions of drugs marketed after 1962.

For brand-name drug producers, the legislation would "restore" up to five years of patent protection lost during the F.D.A. market clearance process.

At presstime, both the House Energy and Commerce Committee, chaired by Waxman, and the House Courts Subcommittee were planning hearings and mark-up sessions on the bill before this month's scheduled recess for the Democratic National Convention.

According to aides of the California Democrat, the new bill is necessary because "there is a procedure at F.D.A. for approving generic copies of drugs first approved before 1962, but there is no such generic approval procedure for drugs approved for the first time after 1962."

The bill generally extends the ANDA procedures used to approve generic copies of pre-1962 drugs to "new" products if the "generic is identical to the original drug or so similar that F.D.A. has determined the differences do not require safety and effectiveness testing," Congressional aides explained.

Generic manufacturers have been pushing for this type of legislation for several years because drug sponsors filing ANDAs are not required to repeat safety and effectiveness tests conducted by the original drug manufacturer. As a result, F.D.A. approval time can be substantially reduced.

According to Congressional architects of the legislation, the new bill would "make available for approval as generics over 150 drugs approved since 1962 that are off patent."

Specific products covered by the pending legislation include "best sellers" such as Valium, Inderal, Motrin, Dyazide,

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Begley launches home health plan

RICHMOND, Ky.—The Begley Drug Co. is rolling out a new convalescent aids marketing program that includes planogrammed departments inside all 46 drug stores, centralized warehousing and a beefed-up advertising budget.

Although the chain has carried home health care products for many years, this is the first coordinated approach to selling such items inside individual drug stores.

The chain began installing the new planogrammed 8-ft. and 16-ft. departments (depending on store size) in April. Robert Begley, president and ceo, said he expected that the new departments would be completed chainwide by July 1.

The departments carry a variety of convalescent aid and exercise equipment as well as a Begley catalog and order forms.

The new marketing program also calls for centralized distribution of convalescent aids not only to the drug stores but also to Begley's four freestanding home health care centers. Previously, most equipment—with the exception of franchised lines—was housed at the main freestanding store in Lexington. Now such items (except those franchised) will be warehoused at the Begley distribution center in Richmond.

This will allow weekly deliveries to each store, Begley said. Customers should never have to wait more than one week for any item, and delivery can be made immediately in emergency situations, he added.

In addition to the Lexington store, Begley operates freestanding convalescent aid centers in Louisville, Hopkinsville and Ashland, Ky. The stores, which range in size from 2,000 to 50,000 sq. ft., are about 2½ years old.

These stores offer 24-hour emergency service and free delivery within a 50-mile radius. They also have an "in-home" respiratory therapist on staff. In addition to service within the stores, the chain has offered for the past 2½ years a toll-free number that customers can call to place orders and ask questions.

It is this toll-free number that sparked the idea for the new marketing program. Begley said he was visiting one of the drug stores at the end of March when a customer asked him if the chain had wheelchairs. Begley told her that it did and that she could order them through the toll-free num-

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'83 NWDA study

Wholesaler sales rise, profits slip

WHITE SULPHUR SPRINGS, Va.—The average drug wholesaler increased sales aproximately 16% in 1983, according to the preliminary results of the National Wholesale Drug Association's 52nd annual industry survey.

However, profits for the average wholesaler in 1983 took a slight dip for the first time in six years.

According to a preliminary analysis of NWDA's 1983 operating survey of drug wholesalers, sales for the average firm increased 16.7% in 1983 to $32.7 million.

But possibly because wholesalers in 1983 were aggressively pursuing chain and hospital accounts, which typically generate lower margin percentages and lower profits, the industry's overall profitability, measured in its after-tax net profit to net sales ratio, declined from 1.41% in 1982 to 1.37% last year.

Gross profits also shrank, falling below 10% for the first time in the industry's history. According to the survey, gross profit to net sales (after cash discounts) declined 7% in 1983 to 9.77%.

In reviewing the preliminary findings before a regional gathering of NWDA members at the Greenbriar Hotel here, association president William Ford attributed the decline to the industry's aggressive pursuit of mass merchandise, drug chains and hospital accounts, "all noted for being very low in gross-margin performance."

Ford pointed out, however, that the decline in margins was offset by "an almost parallel reduction in operating expenses." Operating expenses to net sales, he pointed out, were down 7% to 7.21% while operating expenses to gross profits were down nearly 8% to 73.82%.

Speaking about the overall findings, Ford called 1983 "a very strong year for drug wholesalers" and said that the findings indicate that the average company in the industry is continuing "to move ahead aggressively in such areas as sales growth, expense reduction, average line extensions, inventory and total asset turns and receivables (days in which bills are outstanding).

He pointed out that a 16% rate of sales growth is particularly significant in a year in which the Producer Price Index (PPI) for both OTC and pharmaceutical products increased more slowly than in recent years.

The PPI for pharmaceutical products increased just 10.7%

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1983 NWDA wholesaler preliminary operating results

	1982	1983
Average firm sales (millions)	$27.82	**$32.70**
Gross profit (after cash discount) to net sales	10.48%	**9.77%**
Net profit after taxes to net sales	1.41%	**1.37%**
Net profit after taxes to total assets	5.97%	**6.01%**
Net profit after taxes to net worth	15.55%	**15.23%**
Stock turnover rate	7.72 times	**8.47 times**
Average collection period (days)	29.53	**26.44**
Net sales to total assets	4.23 times	**4.45 times**
Total assets to net worth	2.64 times	**2.53 times**
Operating expenses to net sales	7.79%	**7.21%**
Operating expenses to gross profit	74.39%	**73.82%**

SOURCE: NWDA Drug Wholesaler Operating Performance Survey 1983 preliminary results

FINANCIAL

Eckerd rebound continues

CLEARWATER, Fla.—Jack Eckerd Corp. continued its strong rebound from last year's flat earnings growth in its most recent quarter.

Net income for the third quarter ended April 28 increased 8.5% to $18 million, or 48¢ a share, from $16.5 million, or 44¢ a share, in the comparable period last year.

Sales rose to $650.1 million, 10.1% higher than the $590.6 million posted for the same year-earlier quarter.

Stewart Turley, chairman and president, said the company was "gratified" with the results even though sales growth "slowed somewhat" during the quarter. He said the slower growth was the result of "lower promotional sales in comparison to last year," primarily in the drug company.

But he added that Eckerd's "key franchise," prescription sales, "continued to post strong increases. We expect a strengthened promotional program in the fourth quarter, together with continuing consumer confidence and a strong economy to return our sales to their previous level."

Sales for the first three quarters increased 12.6% to $1.97 billion from $1.75 billion in the same year-earlier period. Net earnings for the 39 weeks rose 18.1% to $67.6 million, or $1.80 from $57.2 million, or $1.53 per share.

For Eckerd Drug, the company's principal subsidiary, third-quarter sales increased 8% to $561.4 million from $519.7 million a year ago. Operating profits were up 15.3% to $38.5 million from $33.4 million. Third-quarter comparable store sales, for units open a year or more, increased a modest 2.8%.

Eckerd Drug's nine-month sales increased 11.8% to $1.68 billion from $1.51 billion, while operating profit rose 22.7% to $134.8 million from $109.9 million.

Since the beginning of the fiscal year, Eckerd Drug has added 90 stores, bringing the current total to 1,409 in 15 states.

JByrons, Eckerd's chain of 55 junior department stores in Florida had third-quarter sales of $53.4 million vs. $42.5 million last year, but its operating profit dropped to $1 million from last year's $2.2 million.

American Home Video, the subsidiary that operates 188 VideoConcepts stores in 29 states, reported third-quarter sales of $35.4 million vs. $28.4 million a year ago.

Eckerd's board of directors declared a cash dividend of 25¢ per common share, payable July 2.

Jewel reports 14.8% rise in net earnings

CHICAGO—Jewel Companies Inc. reported that first-quarter net earnings for the 12-week period ended April 21 rose 14.8% to $16.5 million from $14.4 million earned during the first quarter of 1983.

Earnings per share on a fully diluted basis increased 15% to $1.14 from 99¢.

Results from Jewel's United States supermarket operations were responsible for much of the increases. Net earnings from the company's domestic operations climbed 19% to $13 million from $10.9 million the previous year.

First-quarter sales from the United States divisions rose 5.6% to $1.34 billion from $1.27 billion in 1983.

The company's retail drug divisions consisting of 321 Osco drug stores and 176 Sav-On drug stores generated sales increases of 13.8% and 11.5%, respectively. Drug store sales were $431.6 million compared to $382.7 million last year.

However, net earnings from the drug divisions were significantly below 1983 earnings. Earnings plummeted 47% to $5.6 million from $10.8 million in 1983.

Net earnings from Jewel's supermarket division, which includes 325 stores, soared 160% to $19.4 million from $7.4 million the year before. Sales from the supermarket division rose 5.3% to $845 million.

The company attributed the extraordinary earnings gain in its supermarket division in part from wage reductions, salary freezes and benefits cuts.

Average chain drug share drops slightly

Name	Symbol	STOCK PRICE From 05-18/84 - 06/04/84 High	Low	Close	Monthly Change Amt	Monthly Change Pct	52-Week High	52-Week Low	TREND TO MARKET Price Trend (% per day) Last 30 Days	Price Trend (% per day) Last 5 Days	Volume Trend (% per day) Last 30 Days	Volume Trend (% per day) Last 5 Days	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt.	Latest 12 Months vs Preceding 12 Months Change Pct	5-Year Annual Growth Rate	Profit Margin	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. rate Amt.	Indicated Dvd. rate Yield	Last X-Dvd. Date	FINANCIAL POSITION Last Fiscal Year Revenue	Last Fiscal Year Earnings	Current Ratio	Last Fiscal Year (Per Share) Long Term Debt	Last Fiscal Year (Per Share) Common Stock Equity	Last Balance Sheet Date
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Chain Store transactions																											
Adams Drug	ADG	12.88	11.00	12.25	-.13	-1.01	24.88	11.00	-.60	-.93	2.56	18.47	1.74	.62 F	55.3	40.0	2.4	7.0	.04	.3	06-11-84	302.1	7.1	3.2	7.78	11.40	1283
Am Stores	ASC	31.13	28.75	28.88	-2.50	-7.97	44.00	27.25	.06	-1.49	4.86	-25.11	3.61	.92 F	34.2	62.0	1.5	8.0	.64	2.2	03-22-84	7983.7	117.9	1.4	11.95	12.14	0183
Begley Drug	BGLY	16.00	14.50	14.50	-1.50	-9.38	23.00	14.50	.00	-1.39	3.01	-32.35	1.47	1.46 N	NC	-10.0	1.4	9.9	.68	4.7	04-13-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	9.88	8.88	9.25	-.75	-7.50	14.50	8.88	-.34	-1.12	-.62	-23.30	.53	.14 Q	33.3	23.0	3.0	16.5	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	1283
Dart Drug Corp	DRUGA	85.00	83.00	84.00	.00	.00	148.00	57.00	-.02	-.61	-10.90	-39.39	5.43	6.32 N	207.2	67.0	3.1	9.0	.13	.2	03-05-84	291.8	9.1	2.0	12.01	28.91	0183
Drug Sys	DRGS	5.25	4.75	5.25	.25	5.00	9.31	4.75	-.08	.18	-1.69	-21.05	.56	.56 F	NC	NC	2.1	9.4	.00	.0	01-25-84	82.3	1.7	2.8	2.40	3.12	0383
Eckerd, Jack	ECK	23.00	20.63	22.00	-.75	-3.30	29.88	20.63	-.04	-.29	-.98	16.76	1.91	.30 S	16.3	6.0	3.1	10.3	1.00	4.5	03-12-84	2325.0	71.7	2.0	.30	15.17	0783
Fay's Drug	FAY	9.88	9.13	9.13	-.63	-6.41	14.50	8.81	.21	-1.22	-.50	-6.81	.60	.13 F	27.6	56.0	2.6	15.2	.20	2.2	06-18-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	13.50	11.50	13.38	.63	4.90	20.50	10.19	.02	3.36	4.63	-10.92	.96	.29 F	43.2	99.0	2.0	13.9	.20	1.5	03-29-84	193.8	3.9	1.9	2.83	4.92	0184
Hook Drugs	HOOK	20.00	19.00	19.50	-.50	-2.50	29.75	18.50	-.28	-.73	-4.98	-17.19	2.01	.49 F	32.2	7.0	2.7	9.7	1.00	5.1	07-09-84	320.5	8.7	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	40.25	34.00	35.75	-4.25	-10.63	50.13	34.00	.04	-.45	-1.15	-16.99	3.43	.51 F	17.4	10.0	3.0	10.4	1.28	3.6	05-22-84	1214.4	36.4	1.9	.00	20.32	0184
Pay N Save	PAYN	17.88	14.38	17.50	.88	5.26	28.75	14.38	-.25	3.29	2.18	-35.12	2.02	.61 F	43.2	1.0	2.5	8.7	.60	3.4	05-21-84	1220.5	30.1	2.0	9.01	14.37	0184
Pay Less NW	PAY	16.25	14.50	16.13	.50	3.20	19.88	14.00	-.01	1.38	2.00	37.75	1.35	.28 F	26.1	1.0	2.9	11.9	.34	2.1	06-18-84	852.9	24.7	1.8	4.62	7.19	0184
Perry Drug	PDS	15.00	12.38	13.88	-1.50	-9.76	22.38	12.38	-.40	.70	-1.62	-29.94	1.02	.37 Q	50.0	11.0	1.6	12.5	.24	1.7	05-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	27.50	24.38	26.88	1.50	5.91	37.50	24.00	.18	.75	-7.31	-14.22	2.13	.56 N	29.7	24.0	3.7	11.0	.68	2.5	02-17-84	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	19.75	17.50	19.38	.50	2.65	23.44	17.50	.05	-.08	2.90	-12.55	1.47	.29 F	24.5	31.0	5.1	13.2	.41	2.1	04-10-84	1223.3	62.2	1.7	.59	6.19	0283
Thrifty Cp	TFD	15.25	14.00	15.13	.00	.00	25.25	11.50	.39	.79	-5.23	9.70	1.13	.28 S	28.0	19.0	1.9	11.8	.52	3.4	05-04-84	1187.8	22.5	1.5	5.39	6.83	0883
Walgreen Co	WAG	32.88	28.63	32.13	-.13	-.39	40.38	28.63	-.29	2.26	2.37	1.49	2.24	.57 S	29.0	34.0	2.9	12.7	.72	2.2	05-14-84	2360.6	69.0	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	22.13	19.50	21.00	-1.13	-5.08	35.63	19.50	-.48	.37	-.08	-15.03	1.60	.22 S	14.6	38.0	1.4	12.2	.32	1.5	04-25-84	1452.0	20.0	1.6	1.22	9.99	0883
McKesson Cp	MCK	35.00	32.38	34.38	-.63	-1.79	51.00	32.38	-.08	.34	.63	-6.29	3.44	.38 N	11.7	5.0	1.6	9.5	2.40	7.0	05-25-84	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	23.00	20.00	20.50	-3.00	-12.77	28.50	20.00	-.45	-2.19	2.47	-.53	.94	1.43 N	NC	103.0	.7	14.3	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	14.25	11.38	14.00	.50	3.70	21.00	11.19	-.51	3.91	1.75	-20.73	.89	.51 N	113.3	97.0	.4	14.6	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	12.25	11.25	11.50	-1.00	-8.00	18.50	11.25	-.19	-1.61	-1.63	-28.60	1.41	.48 Q	53.3	12.0	1.2	8.3	.36	3.1	03-09-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	20.63	18.75	20.25	.38	1.89	28.75	15.50	.24	.46	2.42	28.57	1.78	.43 F	31.8	63.0	1.8	11.4	.14	.7	03-30-84	395.4	7.2	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	42.63	38.75	41.88	-.25	-.59	53.38	38.25	-.12	.89	2.97	20.39	2.86	.50 Q	20.2	27.0	11.9	14.1	1.20	2.9	04-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	54.88	52.13	54.50	2.50	4.81	55.75	43.38	.12	.27	1.25	-2.94	4.00	.41 F	11.4	17.0	12.9	13.6	2.64	4.8	05-07-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	17.00	15.63	15.88	-.88	-5.22	31.31	15.63	-.13	-1.02	-2.80	15.37	1.45	.10 Q	7.8	24.0	11.8	11.6	.33	2.1	06-05-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	27.50	27.25	27.50	.25	.92	34.47	25.25	.24	-.45	-.17	-6.82	2.85	.47 N	17.6	14.0	9.7	8.8	1.00	3.6	02-24-84	219.0	21.3	2.5	2.35	17.84	0383
Bristol-Myers	BMY	46.63	43.00	45.63	1.88	4.29	48.00	35.75	.03	.55	-.47	8.33	3.00	.41 F	15.8	19.0	10.4	15.2	1.60	3.5	04-02-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	21.00	19.38	21.00	.25	1.20	28.75	18.00	-.21	.75	-7.57	-34.75	2.25	1.69 F	301.7	20.0	5.4	9.3	.48	2.3	04-13-84	323.1	17.5	2.6	1.57	20.15	0383
Cooper Labs	COO	24.50	21.38	23.88	1.00	4.37	25.75	10.38	.75	1.41	-5.52	10.21	NA	NA	NA	NA	NA	NA	.12	.5	03-12-84	NA	NA	NA	NA	NA	NA
Forest Labs	FRX	19.50	15.88	17.63	-2.00	-10.19	40.75	15.88	-.98	.16	-3.01	-24.56	.48	-.02	-3.5	57.0	13.4	32.6	.00	.0	01-14-83	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	7.00	6.13	6.88	.25	3.77	15.25	4.88	.44	1.07	-2.43	14.29	.22	-.20 F	-47.6	33.0	5.1	31.3	.00	.0	00-00-00	37.0	1.9	1.8	.65	3.81	1182
Key Pharm	KPH	13.38	10.63	13.00	.75	6.12	25.94	10.63	.02	-.65	.68	-44.78	.51	.17 F	50.0	60.0	14.8	25.5	.16	1.2	03-12-84	127.3	18.8	1.6	.03	1.14	1282
Lilly Eli Co	LLY	61.50	56.63	60.25	-.88	-1.43	68.38	56.63	-.13	.57	-.64	-11.34	6.13	.89 Q	16.3	12.0	15.1	9.5	2.90	4.8	05-09-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	3.75	2.75	3.38	.50	17.39	4.00	2.00	.87	2.13	4.22	.44	-.49	.54 Q	NE	-5.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	35.00	30.50	35.00	3.00	9.38	48.00	27.25	.00	1.70	3.17	-39.52	.78	.46 N	69.6	7.0	8.2	31.3	.40	1.1	06-14-84	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	90.50	82.63	88.88	-.88	-.97	104.63	82.63	-.05	.49	3.00	7.02	6.10	.58 Q	10.2	7.0	13.9	14.2	3.00	3.4	05-29-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	77.75	73.25	77.25	2.50	3.34	84.50	60.00	-.12	-.68	-.39	13.19	5.15	1.25 N	25.7	17.0	5.2	12.7	1.76	2.3	05-24-84	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	5.00	4.25	5.00	.13	2.56	11.00	4.25	.13	2.12	-1.94	9.63	-.03	-.09 N	NE	14.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	33.13	30.88	32.88	1.25	3.95	44.75	30.88	-.03	.32	-.43	5.55	2.73	.62 F	29.3	17.0	11.9	12.0	1.32	4.0	05-14-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	3.88	3.75	3.75	-.13	-3.23	6.00	2.75	.26	-1.42	-3.07	-14.65	.10	.03 N	30.0	56.0	6.1	28.8	.05	1.3	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	18.00	16.50	17.75	.75	4.41	29.38	15.88	.12	.96	-.50	15.23	2.40	.20 Q	9.1	20.0	10.3	7.5	.68	3.8	05-04-84	563.5	58.2	3.2	1.30	13.99	1283
Rorer Group	ROR	32.25	28.00	31.75	1.38	4.53	34.25	25.25	.03	2.08	1.15	22.32	2.02	.22 F	12.2	11.0	8.9	15.7	1.08	3.4	05-04-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	12.50	10.00	10.00	-2.50	-20.00	29.63	10.00	-.17	-2.80	-3.29	-45.02	1.13	-.39 N	-36.7	2.0	5.2	14.9	.32	3.2	03-14-84	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	43.25	37.50	42.50	4.88	12.96	55.88	37.50	-.01	1.02	1.52	39.29	2.39	-.17 F	-6.6	14.0	11.6	17.8	.52	1.2	05-08-84	946.0	110.0	2.2	4.10	13.32	1282
Squibb Corp	SQB	40.88	37.50	40.50	.00	.00	55.63	37.50	-.25	1.29	3.65	.39	3.31	.30 F	9.9	6.0	9.8	12.2	1.44	3.6	05-14-84	1768.9	173.3	2.4	3.86	23.24	1283
Sterling Drug	STY	25.88	23.75	24.63	-.63	-2.48	29.63	23.50	.01	.04	.43	-15.02	2.24	.13 Q	6.0	7.0	7.2	10.8	1.16	4.7	05-01-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	43.25	38.75	39.25	-4.25	-9.77	61.50	37.75	-.01	-.91	.84	13.48	4.30	.40 S	9.9	36.0	17.2	8.8	1.60	4.1	05-07-84	870.2	149.3	2.2	3.37	18.11	0783
Thompson Med	TM	24.13	21.25	24.13	2.13	9.66	26.00	12.75	.25	1.54	-1.44	5.27	1.65	.49 F	42.2	89.0	11.0	14.6	.40	1.7	03-26-84	149.4	16.5	4.5	.00	4.53	1182
Upjohn Co	UPJ	68.13	63.25	66.00	-1.88	-2.76	72.25	50.75	-.01	.19	-1.10	23.82	5.28	1.65 Q	38.7	2.0	8.1	11.2	2.56	3.9	03-30-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	31.13	29.13	31.00	1.00	3.33	36.75	26.38	-.16	.56	-2.72	30.29	2.51	.50 Q	23.6	1.0	6.5	11.9	1.48	4.8	04-30-84	3108.3	200.5	1.9	7.53	17.75	1283

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

DRUG STORE NEWS®

MERCHANDISER

Retailers are resorting to savvy marketing strategies to snare greater sales in the $10.21 billion cosmetics market.

Buying flair fuels cosmetics sales

By Faye Brookman

Realizing they can no longer be everything to everyone, drug store retailers are seeking methods to provide special perks to entice their own segment of the market. For 1984, buyers report that they'll be forced to work harder and be more creative in order to reach out for the cosmetics customer.

Some chains and independents are trying to set themselves apart from the pack by merchandising prestige brands while others are going the discount route. Still others are emphasizing their service through salesclerks and trained cosmeticians.

Coupon books, glossy catalogs and sweepstakes are other ploys being used to court the all-important female shopper.

"We're all trying to find our own niche, to fill the holes in our own particular marketplace," says Pat Duckworth, cosmetics buyer for People's Drugs in Alexandria, Va.

Another buyer says the situation is comparable to Zayre's current advertising compaign which stresses customer satisfaction. The ad promises that if a customer comes in for an item and it's out of stock, they'll receive an additional 10% off the price.

"That's the kind of program you need. When everyone is after the same pool of customers with the same goods and prices, it boils down to policies," the buyer says.

On the whole, drug chains have been able to entice cosmetics shoppers by offering broad selections, good prices and service. However, many cosmetic buyers believe 1984 will end with many other competitors throwing their hats into the ring.

"I hear Marshall's [discount apparel] now has cosmetics," reports Giant's Julian Levin. "We'll have to see what they're up to."

Then too, the discount stores are moving in. In Michigan, for example, Perry's Eleanor Marshall faces stiff competition from Meijer's Thrifty Acres and K mart.

The most recent Nielsen figures show that discount stores (mass merchandisers) are indeed the outlets gaining sales and gaining them at the expense of drug stores. Although most drug store retailers once feared food stores would overcome them, Nielsen shows that most of the 2.6% share drug outlets lost this year went to mass merchandisers.

Drug stores still hold the lion's share at 61.8%, but mass merchandisers climbed from a 19.8% share last year to 21.6% this year. Food stores stayed about even going from 16% to 16.6%.

The race for the cosmetics dollar becomes even more important when one considers that the current growth rate of the category is almost stagnant. The value of shipments in 1983 climbed only 1.8% to $10.24 billion last year. Small gains of less than 4% throughout the industry signaled that most of the growth was merely price increases. In other words, outlets are all vying for a market that is not growing fast enough to support all of the outlet sources.

To overcome the problem, drug store retailers are searching for the new categories that will entice new users or create new markets. Skin care and ethnic are two categories generally conceded to have growth potential.

"Treatments certainly afford room to grow," reports Gray Drug Fair's merchandise manager John Mirmelstein. He believes that the gradual upscaling of chain cosmetics departments can encourage treatment and skin care sales. Gray Drug Fair, for instance, is remodeling its departments and installing chrome and mirrored fixtures.

As far as ethnic products are concerned, Duckworth has proven that ethnic cosmetics can indeed move as rapidly as black hair care products. She embarked on a program last year for each store to skim its slowest Caucasian items, leaving space for ethnic goods. With the lines in clear view sales have

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Changing Face of Cosmetics

Buying creativity brightens cosmetics sales

Continued from page 22

been "phenomenal," she says.

According to the *U.S. Industrial Outlook 1984* published by U.S. Commerce, the number of potential ethnic purchasers of cosmetics is estimated at 44 million.

These are two of the areas drug store retailers expect big things from in 1984. Following is *Drug Store News*' annual synopsis of all cosmetics categories and an outlook for the future.

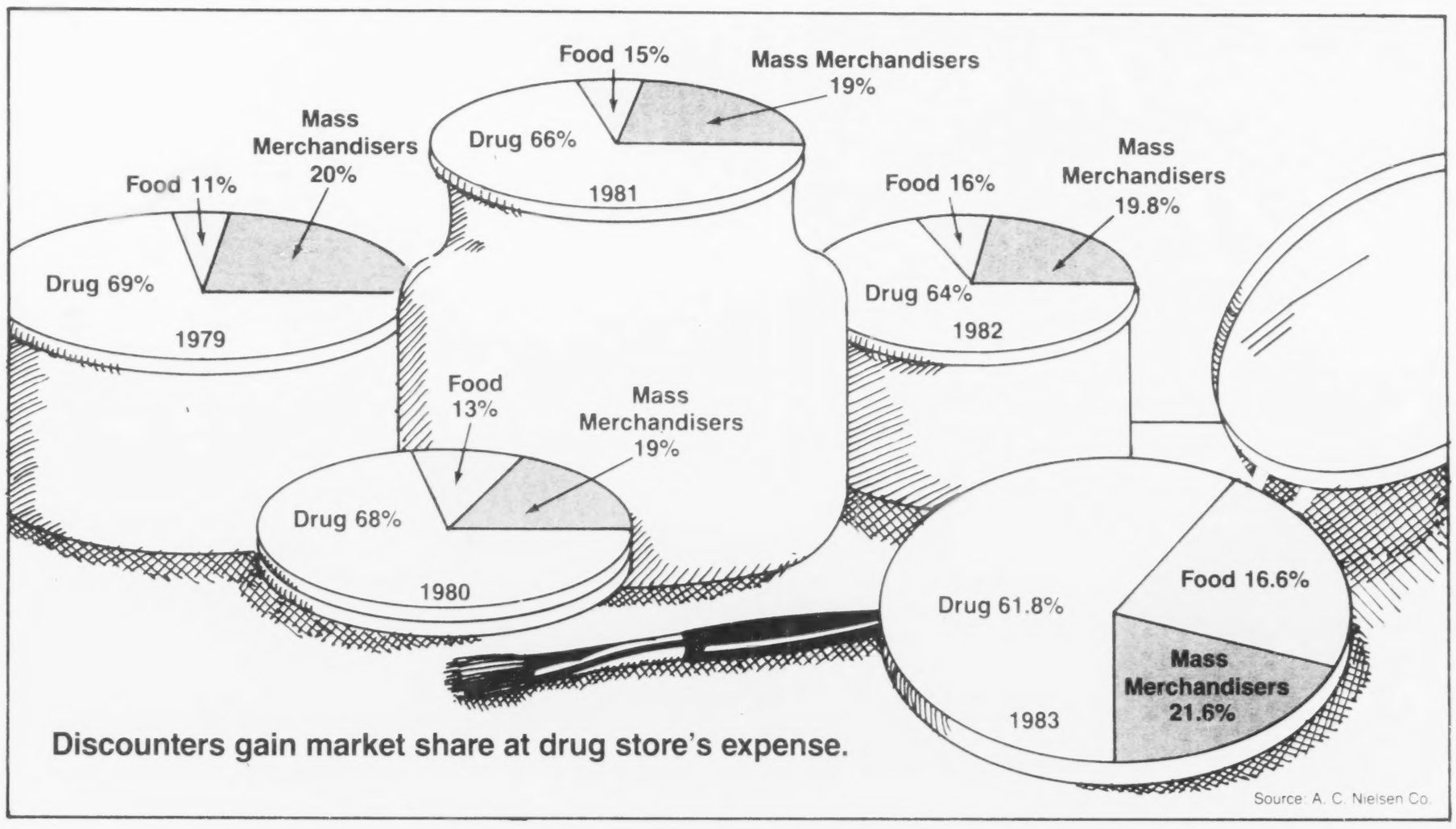
Skin Care—The skin care market is coming of age as America grays. American women—and men—are buying products for a total skin care regimen. It is expected the total market will crack $2 billion this year.

While Oil of Olay continues its dominance of this market, buyers say there are other strong contenders on the scene including Revlon's European Collagen Complex, Coty's Overnight Success and Almay's skin care line. For men, retailers are closely watching the roll out of the Dick Clark Skin Control Systems. Many buyers tend to like the line, but wonder if all of the sku's—especially the vitamins—will move.

Ethnic—It appears ethnic manufacturers of cosmetics have finally ironed out kinks in their distribution systems. Buyers report strong movement from Moisture Formula as well as Posner, Zuri and Honey and Spice.

"I think the next thing we'll see is more products for Hispanics," reports Peoples' Duckworth. "It's just starting to click."

The ethnic market potential, according to the *Industrial Outlook*, should grow to 47 million by 1989. It is estimated that in five years sales of ethnic items will have doubled their 1983 value.



Discounters gain market share at drug store's expense.

Source: A. C. Nielsen Co.

Fragrances—"I think one of the best things in a long time for us was prestige fragrances," says Hook's Helen James. Indeed, prestige fragrances have opened the door for the upscaling process in drug chains. Sources of supply were unclogged several years ago and it seems today there isn't a chain without at least Halston or Ricci.

In fact, prestige or dual distributed fragrances claimed as much as 30% of all fragrance sales in drug stores. Despite efforts by COPIAT to fight diversion, retailers say it is as easy as ever to secure prestige goods. One buyer was offered 11,000 pieces of Opium last Yule. And that's even though Charles Miller, president of Opium's parent Charles of the Ritz, heads up COPIAT.

Allan Mottus, an industry consultant, says that there really isn't even such a thing as diversion anymore: "Fragrance marketing is now a two-tier distribution system where mass merchants are becoming highly efficient retailers of designer/prestige men's and women's fragrances."

There appears to be no let up in drug chain concentration on higher-end fragrances. However, many buyers are augmenting their mix with various price points for selection. Certain mass brands are highlighted as winners such as Aviance Night Musk or Le Jardin.

For this Christmas, most of the musks such as Jovan's Whisper of Musk are expected to fare well. Bets are also heavy on Houbigant's Lutece and Charles of the Ritz's Forever Krystle. Buyers are buying for a 10% to 15% increase over 1983.

Makeup—In makeup, it appears blush steals the show. Foundations and creams still show flat sales patterns while blush continues to soar. The biggest two trends, according to Julian Levin at Giant Food, appear to be skin balancing and long-lasting waterproof formulations.

Eye—Eye color is sizzling with chains reporting dynamic sales from Revlon's Custom Eyes, its Santa Fe color launch and from Factor's Eye to Go (which will soon have a new fixture).

The only problem now with Custom Eyes is a lag in cabinet production. "When we open new stores we can't get the cabinets," complained one source.

As far as the eye fixative items go, retailers still say it's too early to tell, although some have heard Arden's Eye Fix sales are not as strong as its Lip Fix movement.

Lip—The lip fix items have been good. Levin at Giant, for example, brings all of them in at various times.

Nail—Products to help repair nails are selling very well, among them, Sally Hansen's New Lengths. Pop colors continue to pace the category.

On the whole, drug chains are optimistic about the rest of 1984 and 1985. They say they'll continue to seek a unique niche in their market.

In the following pages of this section, we profile five chains which we think have already achieved that special niche.

As a ploy to distinguish their stores from competition, some drug outlets are improving their service.

Congress sets hearings on generics legislation

Continued from page 2
Lasix and Indocin.

"Because generic drugs are three to 15 times less expensive than their brand-name counterparts, F.D.A. estimates the consumer savings to be approximately $1 billion over the next 12 years," aides stated.

They also estimated that "Federal and state governments will save millions due to increased competition on government contracts."

The pending bill would allow generic copies of "new" brand name drugs to be approved under the ANDA procedure when the patents expire, or earlier if "the generic company certifies that the patent is invalid.

In such cases, the generic company must notify the patent owner of its certification and F.D.A. may not approve the generic product until the courts have decided the suit for patent infringement or a period of two years' lapse.

The new measure also exempts generic pharmaceutical manufacturers from patent infringement charges if they import or test a patented drug in preparation for seeking F.D.A. approval after the patent expires.

Although all drugs approved for safety and effectiveness are eligible for ANDA consideration, unpatentable pharmaceuticals "which are approved for the first time receive four years of exclusive market life," under the pending legislation.

The bill would also grant a 10-year exclusive market life to drugs approved for the first time between 1982 and passage of the measure.

Despite these pro-generic ANDA provisions, most leading brand-name manufacturers agreed to support the pending legislation because it would also restore part of the patent life lost to new drugs during lengthy Governmental pro-market clearance.

Officials at Waxman's House Health Subcommittee stressed that this restoration "will assure the brand-name drug companies greater profits on their drugs because there will be no generic price competition for a longer period of time." They added that "the additional profits are needed to develop significant, new drugs."

In addition to human drugs, this legislation would also affect medical devices, food and color additives and animal drugs.

Generally, the bill would extend the patent on these products by half of the time required to test the safety and effectiveness of the drugs, and all of the time required for F.D.A. to approve marketing of the product.

However, products currently being tested or awaiting approval would only be eligible for a two-year patent life extension.

At the same time, patent extension for all other products would not exceed five years, under the pending legislation.

The original patent restoration bill, introduced by Rep. Michael Synar (D-Okla.) last year, would have restored up to seven years of patent life lost during the F.D.A. regulatory review process.

Jack Eckerd, above, speaks during dedication ceremonies for Eckerd Drug's new distribution plant in Hammond, La. The facility, at right, is the chain's first fully automated warehouse.

New warehouse aids Eckerd

Continued from page 3
that can select merchandise at any of three main picking levels.

The center, which has been in construction for the past three years, also doubles as an office facility—180,000 sq. ft. is dedicated to the warehouse while the remaining 28,344 sq. ft. serve as office space for Eckerd's 90-person Louisiana division. In addition to processing third-party payments from the center, Eckerd will also operate a photo lab here as well as an optical care and advertising department.

The distribution center part of the facility employs another 150 people, most hired from the Hammond area.

Quael Corporation files Chapter 11 petition

Continued from page 1
purchased 53 of Cunningham's ROH units and also gained control of 13 specialty shops in Stouffer Hotels.

Two new units have since opened for a total of 68 stores operating under a host of names, including Shapero's, Schettler's, Crossroads and Miller.

There still remains a Cunningham Drug operation. It runs the remaining ROH units in Westin Hotels, which Westin refused to sell to Quael.

The ROH units differ from traditional drug stores in both size and product mix. Most Quael units, for example, are between 700 and 5,000 sq. ft. and carry high-ticket gift items with hefty gross margins.

Other attractions of the ROH stores are a largely captive and freer-spending audience that is less affected by economic downturns, no advertising costs and no need for sprawling warehouses.

However, an ROH unit will falter without prime locations, and that, several observers say, was part of Quael's problem.

"They couldn't get Westin to join them, and those were the good locations," one Detroit source reported. "They teamed up with Stouffers, but 12 out of those 14 stores are just too small—there's not a profitable one in the bunch."

Shapero's plum, sources indicated, is his Colorado store group, which many feel he will be able to salvage. "Chapter 11 will allow him the protection to pay off bills and shed some of his problem stores but keep Aspen," another area executive said.

Prior to Shapero's emphasis on ROH stores with Cunningham, the chain owned large conventional stores well known to the Detroit market. These stores were sold to former Cunningham employee Jim Devine, who formed Apex Drug.

Apex was an unfortunate victim of misunderstanding when the local papers reported Quael's Chapter 11 proceeding. Terming Quael Cunningham's "successor," one paper misled suppliers and consumers to think it was Apex that was in trouble. The chain, Devine said, was flooded with calls from suppliers threatening to cut off shipments. The situation was rectified when the Detroit News clarified the story in another edition, but not "without a stir" at Apex, which no longer has a connection to Cunningham or Quael.

Begley launches home health

Continued from page 2
ber. He then went back to the pharmacist to get the number and a pamphlet describing the products available through the chain. The pharmacist told Begley that neither the toll-free number nor the pamphlets were available at store level.

"We directed our people to planogram the departments starting April 1 to maximize drug store participation with home health centers," Begley said.

While it is still too early to assess sales and rentals in the new departments, Begley did say about 37% of business at the freestanding stores is rental. Margins on sales is about 40%, he said.

Approximately 30% of the freestanding stores' revenue is billed to a third party. Begley said the chain's goal is for the stores' sales to be between $500,000 and $750,000 when they are five-years-old—in about 2½ years.

Begley said he considers the new departments inside the drug stores to be experimental and their size could change depending on the response. "We will be tracking them closely the first six months to find out if these are the right size departments. We're very flexible about increasing the size at each store level," he said.

Also as part of the new program, the chain will be making a greater advertising push.

Begley said the chain will particularly target medical communities for detailing calls, but he also said the chain hopes to improve ads on billboards, in Sunday papers and in the yellow pages.

Wholesaler profits drop

Continued from page 2
in 1983 as compared to 11.7% in 1982, while the PPI for OTC products increased just 6.1% in 1983 compared to an increase of 8.04% in 1982.

The decline in net profits, Ford also pointed out, was not "large enough" to hurt the average wholesalers' return on total assets (ROTA). In 1983, Ford said ROTA climbed more than half a percentage point to 6.01% compared to 5.97% in 1982.

Return on net worth, however, was affected in a slightly negative fashion as wholesalers funded their operations more conservatively in 1983. Composite average financial leverage declined from 2.64 in 1982 to 2.53 in 1983 as measured by total assets to net worth.

The result was that net profits after taxes declined "a hair" to 15.23% from 15.55% in 1982. Even though NWDA's goal was to reach a 16% after-tax net profits to net worth, Ford called the 15.23% registered "a very strong number."

In other positive developments, NWDA wholesalers turned in strong showings in the following areas:

Average line extensions reached an all-time high of $18.39, up from $16.60 in 1982. Inventory turns surpassed the NWDA goal of 8.0 to reach 8.47.

Find out about new products, read Merchandise News

Lip sores, mouth sores and fever blisters were once treated with wet tea bags

today there's tanac®

- The *astringent* tannic acid (a natural ingredient in tea) coats, protects, helps the sore to heal and helps to stop bleeding gums.
- The *anesthetic* action of benzocaine to relieve the pain quickly.
- The *germicidal* action of benzalkonium chloride to help disinfect the sore spots.
- Effective and economical.
- Recommended by pharmacists as a leading choice.

Recommend **tanac**
Time-tested ingredients in the most innovative dose forms.

Order all three dose forms now from your wholesaler, or contact your Commerce Drug Company representative.

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MERCHANDISER
Baby care sales rise as toddler population grows —p. 25

PHARMACY
Waxman blasts patent-bill critics; battle looms—p. 13

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DRUG STORE NEWS

Vol. 6 No. 15 | Serving the Retail Drug Store Industry for 55 years | Published by Lebhar-Friedman Inc. | July 9, 1984

American/Jewel: new superpower in food/drug arena

By Jim Ricchiuti

SALT LAKE CITY—American Stores is expected to move quickly to assimilate the Jewel food and drug operations into its own organization, though it may be some time before a clear picture of the new company emerges.

SPECIAL REPORT:
American acquires Jewel

See additional stories page 3.

Many analysts believe that American Stores' chairman and ceo L. S. (Sam) Skaggs will inject a more aggressive upper management to deal with some of Jewel's problem supermarket divisions as well as its ailing West Coast Sav-On drug operation.

But while Jewel has some soft spots, the company is generally regarded as a strong food and drug retailer. "I don't see any glaring weaknesses," said one analyst. "I think [American] sees room for improvement, but I don't think there will be lots of consolidation, and that says a lot about what you're going to see down the pike."

In the center of this Skaggs Alpha Beta cosmetics department is a gazebo and a simulated skylight.

In a geographic sense, the combined American/Jewel operations will result in a food and drug retailing organization that is unmatched in either industry.

"Both companies are well positioned in their markets and are going to be dealing with strength," noted one industry source.

The new company's principal strengths will lie in the Southwest, on the West Coast and in parts of the East, where American stores is strongest, and in the Midwest, Northwest and New England, Jewel's dominant operating regions.

The main thrust of the new American/Jewel companies will be combos. Collectively, the two companies will operate more than 200 combination stores as well as more than 100 supermarkets flanked by drug stores.

But despite similar commitments to the development of combination stores, both companies have two distinct philosophies when it comes to operating these superstores.

The Skaggs philosophy has been to put the food and drug operations under the direction of one store manager and operate it as a single entity.

Jewel has taken a different approach to its combos. The food and drug divisions are operated separately and there is little interaction between the two operations.

However, some industry experts have pointed out that segregating the food and drug operations prevents a company from realizing the efficiencies and full potential of a combination store.

Jewel's method of operating its combos will be among the first areas that American will scrutinize. It is likely American Stores will try to instill its philosophy for operating combos in the Jewel divisions as soon as possible.

As for correcting some of Jewel's weaknesses in its vari-

Continued on page 37

Sam Skaggs: heavyweight in retail ring

SALT LAKE CITY—While L. S. "Sam" Skaggs is considered an enigma by almost everyone in the chain drug industry, there is one thing observers know for sure.

Sam Skaggs will not take "no" for an answer.

And certainly there is no better evidence than the American Stores' acquisition of Jewel, a transaction which officers of the latter doggedly tried to prevent.

Despite Jewel's initial refusals, officers eventually caved in to an offer that had been sweetened to $75 per share.

And it was only five years before that Skaggs pulled off an amazing coup by gobbling up American Stores, a grocery-drug chain larger than his own. American at the time was the sixth-largest supermarket chain and the 11th-largest retailer in the country.

Skaggs emerged as the major shareholder of the new company with 21% of the stock as well as becoming the chairman of both the board of directors and executive committee.

Continued on page 38

The elusive Sam Skaggs photographed at annual meeting.

Joseph P. Hyde III

Peter Formanek

Malone & Hyde buyout bid raises questions on Super D

By Gail Appleson

MEMPHIS—A tender offer to buy Malone & Hyde, the $2.6 billion food/drug wholesaler and retailer, is raising questions about the future of the corporation's Super D drug chain.

Company spokesmen deny that there will be any change in operations if the $585 million leveraged buyout by an inside executive group takes place.

But industry observers and financial analysts think the change in status from public to private company may eventually provide the stimulus for selling off the remainder of Malone & Hyde's once much larger drug store chain.

The number of drug stores has declined precipitously since

Continued on page 38

Rite Aid sets Michigan entrance with planned purchase of Muir

SHIREMANSTOWN, Pa.—Rite Aid's planned acquisition of Grand Rapids-based Muir Drug will mark the chain's debut in its 20th market—Michigan.

The 1,191-store Rite Aid has signed a letter of intent to purchase Muir's 24 drug stores and its photofinishing business with over 200 accounts for undisclosed terms. With the addition of the $33 million Muir operation, Rite Aid gains a strong foothold in the market. According to Metro Market Studies, Muir is the No. 2 drug chain behind Meijer's Thrifty Acres.

Rite Aid's chairman and president Alex Grass said the acquisition will open the door for future growth.

"It's a logical extension into a contiguous market and will act as a base for further development within the state," Grass told *Drug Store News*. "The stores are well-run, high-volume stores that will be easily adapted to the Rite Aid concept."

Local Grand Rapids competitors speculate that Rite Aid's takeover of the 62-year-old Muir company may "sock some pizzazz" into the chain's operations.

"Muir has some good locations and they've been around for years," observed one independent owner. "But they need some changes to keep up with Meijer's, Perry and F&M."

Others said that Perry has been looking to expand in Grand Rapids and that Rite Aid viewed this as its chance to beat the Pontiac, Mich.-based Perry to the punch. "It was just the right time," a source at Reilly's Pharmacy in Grand Rapids said.

Pat Early, Rite Aid's spokesman, said Rite Aid already operates units "just over the border" in Toledo, Ohio. He added that Muir's 7,000-sq.-ft. to 8,000-sq.-ft. stores are compatible to Rite Aid's format. The mix is also suitable for Rite Aid; both chains produce better

Continued on page 38

Late News

DART DRUG's board of directors approved the sale of the company's 171-unit drug store division to a management group headed by Al Towle, president of the division, and Stephen J. Hansbrough, senior vp. General Electric Credit Corp. agreed, subject to approval of final financing documentation, to lend the funds for the leveraged buyout. The purchase price is approximately $160 million.

PERRY DRUG STORES has announced it signed a letter of intent to acquire the six-store Remes Drug in Grand Rapids, Mich. The addition of the $7.2 million Remes Drug will give Perry a total of 12 units in the growing Grand Rapids market.

Walgreens accused of selling counterfeit Chloé

CHICAGO—Elizabeth Arden's prestige fragrance arm, Beth Co., has charged Walgreens with the sale and distribution of counterfeit fragrance products under the Chloé trademark.

In a suit filed in U.S. District Court here, Beth Co. charged the Deerfield, Ill.-based chain with one count of trademark infringement and two counts of unfair competition.

Beth Co. is seeking to bar Walgreens from selling allegedly counterfeit Chloé as well as to compel the chain to turn over the products and any profits made from the sale of the goods.

An Arden spokesman said Beth Co. resorted to a court action after Walgreens refused to disclose the origin of the allegedly counterfeit products.

Another source familiar with the case said Walgreens' refusal was based on the fear of incriminating an innocent party, since the chain obtains the products from more than one source.

A Walgreens spokesman said that after the chain was notified of the allegedly counterfeit fragrance, it used its Intercom Computer System to inform managers to pull the products off the shelves.

The spokesman said less than a ½-dozen items were found to be counterfeit, and that the remaining "true" products will continue to be sold at Walgreens.

Arden said the counterfeit products found at Walgreens had a "very similar" outer package, but that the "fragrance and bottle are poor imitations."

Bogus Chloé has also turned up—and been removed—from several other major drug chains and mass merchandisers. However, Arden said no suits were filed against these retailers, who identified their source of supply.

William M. Miller, executive vp and general manager of Beth Co., reported that there are several suits pending against International Fragrance, Halton Cosmetic, Tradmax and Quality King.

"We've been finding and identifying fake Chloé since November of 1983," Miller said. "We're serious about protecting our trademark."

Arden's suit against Walgreens comes at a time when the Coalition to Preserve the Integrity of American Trademarks (COPIAT) is fighting to halt the sale of "gray market" goods in America. Some believe that COPIAT has helped dry up the supply of gray market products and that diverters have now had to resort to black market counterfeits to supply the demand for prestige fragrances.

Retailers say manufacturers are tracking gray and black market goods by using infrared coding on their products. They stress caution when diverters promise "sharp" deals.

"I'm leery of anything that's a big deal, and I don't buy products not intended for United States sale," one buyer reported.

—News in brief—

Culver leaves Pay Less

WILSONVILLE, Ore.—Al Culver, senior vp of merchandising and distribution for Pay Less NW has resigned. Culver says he is leaving to broaden his career opportunities.

An 18-year Pay Less veteran, Culver was the driving force behind the chain's automated distribution and support systems, which have given Pay Less a competitive edge in many of its markets.

A Stanford MBA graduate, Culver joined Pay Less as a management trainee and then rose to store manager and vp of operations.

In 1980, Culver and Ron Schiff, who was then in charge of merchandising and distribution, swapped jobs. The purpose was to provide both men with a more rounded knowledge of the business.

At present, it is not certain whether Culver's position will be filled or whether his responsibilities will be divided among other members of the executive staff.

Walgreens announces promotions

DEERFIELD, Ill.—Walgreens has announced the promotion of James C. Kowieski to sr. buyer of greeting cards/stationery. Deborah A. Kelly has been promoted to assistant buyer for stationery.

Formerly buyer for greeting cards, Kowieski joined Walgreens in 1961. He graduated from the University of Illinois in 1961.

Kelly joined the company in 1980 following graduation with a B.B.A. in marketing from St. Mary's College, South Bend, Ind.

Westhaven names Snook

TOLEDO, Ohio—Larry L. Snook, former senior vp and director of store operations at Rea and Derick, has been named president of Westhaven Administrative Inc. The company operates four drug stores under the names, Westhaven Drugs and The Pharm Discount Drug Store.

Alexander elected

FAIRLAWN, N.J.—Sheldon W. Fantle, chairman, president and ceo of Peoples Drug Stores, announced that Peter M. Alexander has been elected chairman and ceo of B. H. Krueger, Peoples' manufacturing subsidiary. For the past five years, Alexander has been with ATI Inc., Westport, Conn., most recently as corporate vp and gm of its Chem Spray Division. Alexander has also served with Becton, Dickinson & Co., Kraftco Inc. and Johnson & Johnson.

Trinca named to AACP post

American Association of Colleges of Pharmacy president George Zografi has announced that Carl E. Trinca, Ph.D. is now acting executive director of AACP.

Trinca joined the AACP staff in October 1982 as director of Pharmacy Affairs, he was previously assistant Dean and Head of the Department of Pharmacy Practice at the University of Arizona College of Pharmacy.

Since joining the AACP staff Trinca has been responsible for a wide range of activities including the SmithKline Beckman Grant Awards for Pharmacy Schools (GAPS) program.

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Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in April, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate $15 per year; $27/two years. Single copy rate $2.00. Outside U.S.A.: Canada $16, $29/two years. Foreign subscriptions: Airmail only $100 per year.

Second-class postage paid at New York, N.Y., and additional mailing offices.

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Vol. 6, No. 15 July 9, 1984

New chief of F.D.A. faces furor over OTC ibuprofen

WASHINGTON—Incoming F.D.A. Commissioner Frank Young faces an almost-certain "baptism by fire" when he takes charge of the agency later this month in the midst of the simmering ibuprofen OTC controversy.

At a minimum, the new Food and Drug Administration chief will be greeted with a growing pile of suits second-guessing the agency's recent approval of New Drug Applications (NDAs) from Upjohn and American Home Products permitting over-the-counter marketing of the nation's top-selling Rx nonsteroidal anti-inflammatory drug (NSAID).

The latest of those legal challenges, filed in Federal District Court here last month by Chattem, charges F.D.A. with setting a dangerous precedent by "granting an effective monopoly to two large companies to market OTC ibuprofen."

But in addition, Young will also face a chorus of professional critics—including some of F.D.A.'s own "expert" advisers who originally recommended that ibuprofen be switched from Rx to OTC.

Specialists who were advisers on the F.D.A. panel said that ibuprofen labels do not specify that the elderly, diabetics and those with kidney or liver problems should not take the drug. Those taking diuretics for congestive heart failure, hypertension or for any other reason should also avoid the drug.

F.D.A.'s top priority, however, will be to sidestep court action requiring the agency to adjust course, if not reverse direction on ibuprofen.

In addition to Chattem's suit, the agency is also fighting a separate legal challenge from McNeil which claims that F.D.A.'s approval of OTC status for ibuprofen was illegally conditioned on the agency's approval of advertising for the product. Under the law, only the Federal Trade Commission has a say on the content of advertising to consumers.

Chattem's more recent court action questions the appropriateness and legality of F.D.A.'s decision to allow the only manufacturers with approved NDAs to market ibuprofen on an OTC basis.

The question of whether non-Rx ibuprofen products must be cleared through F.D.A.'s NDA process is one of "great signifi-

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Wellby to test two mini-combos

PORTLAND, Me.—Wellby Super Drug Stores will test two mini food/drug combos in Augusta and Portland, Me., as well as a loop layout in North Windham, Me.

The mini-combo test will begin this fall and the loop layout early next year.

The two 7,500- to 8,500-sq.-ft. mini-combos are former freestanding supermarkets. The drug side will include a basic Wellby lineup: cosmetics, Rx, H&BA, school/office, along with a power alley down the center of the store.

The power alley occupies the same space as three gondolas, side-by-side. In Wellby's configuration, the middle gondola has been removed and the space is used for case stacks and case-cut merchandise. The two flanking gondolas are 60 in. high, while the case stacks in the center are 48 in. high—hence the name "alley."

The mix on the food side is typical of a 7-Eleven convenience store: dry groceries and beverages, but no perishables. There will be a snack bar, microwave oven and post mix drink dispenser.

The two mini-combos, which will be tested for at least a year, are in densely populated areas, with a good representation of residential dwellings and business offices.

The loop layout at North Windham will feature diagonals and angles at 30 to 45 degrees. The loop will be widened in the front and rear of the store to accommodate seven 4x4 promotional tables.

The store will have a high-tech look, highlighted by a metal fixturing system called the Grid. The Grid, positioned 3 in. from the perimeter wall, has a checkerboard design, made up of 4-in. squares. By using special bar attachments, the wall fixture can be used for pegging or shelving. The fixture is also adaptable as a floor fixture.

Wellby's loop contrasts with two other chains with similar concepts: Eckerd and Guild. Says Bill Wood, vp-gm of Wellby: "Eckerd has a series of boutiques, while ours has a free

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Fan giveaways heat up at Carls

By Faye Brookman

ROME, N.Y.—At the rate customers were lining up at Carls Drug Stores recently, you would have thought the chain was giving away merchandise.

It was.

It was all part of the chain's highly unusual pledge that if an advertised item was not in stock, the customer would get it free at a later date.

What Carls didn't count on was the record-breaking June temperatures that assaulted its upstate New York trading area at the same time the chain was advertising a $19.99 fan for $17.99.

The fan business was never so good. According to chain president Neil Roth, about 10,000 fans were sold through Carls' 38 stores in one weekend. When the promotion was over, the chain had sold 2½ times more fans than it had all last summer.

The demand was so intense, in fact, that it cleaned out Carls' entire stock, and the chain had to give out more than 1,000 certificates for free fans.

Although giveaway had the effect of lowering the gross margins on the fan inventory by 10 points, Roth says Carls will stick with its guarantee. In fact, he calls out-of-stocks one of the "sins" of retailing and challenges other retailers to work to arrest the situation.

"We'll continue to honor the certificates for out-of-stock ad items," Roth says. "It's a policy we announced and we'll stand by it. It cost us some money, but we had a heck of a week and great store volume."

Just to make sure Carls holds up its end of the deal, the state Attorney General's office is handling complaints from customers who don't get certificates for out-of-stock ad items. According to Michael Hungerford, assistant attorney general, Carls must live up to its claim or be in violation of state advertising law.

However, the chain has realigned its policy to prevent future snags by eliminating seasonal items from its advertisements or inserting a disclaimer that seasonal products are not part of the campaign.

The latest item Carls is having trouble supplying is a gas-powered weed trimmer at an advertised price of $89.

Despite losing at least $20,000 in sales on the fans alone, Roth remains unruffled and optimistic. "In the long run, we're O.K.—I think we've gained a lot of new Carls customers," he concluded.

FINANCIAL

Stop & Shop net income up

BOSTON—The Stop & Shop Companies Inc., which operates Medi Mart Drug Stores, reported that net income for the first quarter ended May 19 rose 44% to $6.4 million from $4.4 million during the previous quarter last year.

Sales for the 16-week period increased 18% to $866 million from $731 million last year.

Earnings per share were up 28% on a primary basis to 55¢ from 43¢. On a fully diluted basis, per share earnings rose 24% to 52¢ from 42¢ in 1983.

The company said that its Medi Mart division posted a record first quarter both in sales and earnings. The 55 Medi Mart stores registered strong sales gains in domestics, toys and pharmacy.

During the first quarter, Medi Mart opened one new store and remodeled four others. By year end, the company plans nine additional stores as part of an extensive expansion program.

In addition to Medi Mart, The Stop & Shop Companies Inc. also operates 128 Bradlees Department Stores, 118 Stop & Shop Supermarkets, 52 Charles B. Perkins tobacco stores, 58 Off the Rax women's specialty shops and the Stop & Shop Manufacturing Company.

Pneumo reports gain in second quarter

BOSTON—Second-quarter earnings at Pneumo Corp., which operates Carls Drug Stores, increased 39% to $10.9 million from $7.8 million during the same period in 1983.

Pneumo said sales for the quarter ended May 31 rose nearly 8% to $319.8 million from $296.9 million in the second quarter last year.

Earnings per share were 73¢, a 26% improvement over the previous second quarter.

For the first two quarters, net income was up 42% to $22.2 million from $14.8 million last year at this time. Sales for the first six months of the year increased 7% to $632.4 million from $590.9 million.

Net income on a per-share basis through the first six months of the year was up 29%.

Bergen Brunswig posts 15% net-earnings rise

LOS ANGELES—Bergen Brunswig Corp. reported that net earnings from continuing operations rose 15% during the third quarter ended May 31 to $6.4 million, or 51¢ a share, from $5.6 million, or 44¢ a share, in the year-earlier period.

Sales and other revenues for the quarter increased to $442 million, a 21% gain over the $366 million posted a year ago.

However, the company suffered a $4.8 million loss during the quarter on its small appliance and sundry merchandise distribution business, which was discontinued.

The loss resulted in a decline in actual net earnings for the company to $1.6 million from $5.3 million a year ago.

For the first nine months, BBC's net income on continuing operations climbed 18% to $17.8 million, or $1.41 a share, from $15 million, or $1.21 a share, for the corresponding period last year.

Sales and other revenues rose 21% to $1.26 billion from $1.04 billion.

Discounting the loss on discontinued operations, the company's actual net earnings for the nine months declined to $12.6 million from $13.2 million a year earlier.

Commenting on the results, Emil P. Martini Jr., chairman and ceo, said: "We believe that after having taken the necessary steps of restructuring and eliminating problem areas we will achieve another record fiscal year."

Chain drug losers outnumber gainers, 3-2

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		From 06/01/84 - 06/18/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated						Last Fiscal Year (Per Share)		
					Monthly Change		52-Week						Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio			Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.					Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
		$	$	$	$	%	$	$	%	%	%	%	$	$		%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Chain Store transactions																											
Adams Drug	ADG	12.38	11.50	11.63	-.50	-4.12	24.88	11.00	-.37	-1.45	-1.36	-12.75	1.74	.62	F	55.3	40.0	2.4	6.7	.04	.3	06-11-84	302.1	7.1	3.2	7.78	11.40	1283
Am Stores	ASC	30.25	26.50	28.88	-1.13	-.43	44.00	26.50	-.45	.00	3.52	17.82	3.61	.92	F	34.2	62.0	1.5	8.0	.64	2.2	03-22-84	7983.7	117.9	1.4	11.95	12.14	0183
Begley Drug	BGLY	14.50	14.50	14.50	-.50	-3.33	23.00	14.50	-.24	.31	1.64	-77.78	1.47	1.46	N	NC	-10.0	1.4	9.9	.68	4.7	04-13-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	10.50	8.88	10.38	1.50	16.90	14.50	8.88	.15	.31	.47	5.88	.53	.14	Q	33.3	23.0	3.0	18.5	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	1283
Dart Drug Corp	DRUGA	90.00	83.00	90.00	5.00	5.88	143.00	57.00	.25	2.29	.77	10.55	5.43	6.32	N	207.2	67.0	3.1	9.6	.13	.1	06-04-84	291.8	9.1	2.0	12.01	28.91	0183
Drug Sys	DRGS	5.25	3.75	3.75	-1.25	-25.00	9.31	3.75	-.75	-4.03	-.55	-21.26	.56	.56	F	NC	NC	2.1	6.7	.00	.0	01-25-84	82.3	1.7	2.8	2.40	3.12	0383
Eckerd, Jack	ECK	22.25	21.50	22.25	.50	2.30	29.50	20.63	-.08	.84	.26	40.64	1.91	.31	N	16.5	6.0	3.1	10.2	1.00	4.5	06-11-84	2325.0	71.7	2.0	.30	15.17	0783
Fay's Drug	FAY	9.63	8.38	8.38	-1.13	-11.84	14.50	8.38	-.23	-1.30	2.29	.00	.60	.15	Q	31.2	56.0	2.6	13.3	.20	2.4	06-18-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	14.75	13.25	13.88	.63	4.72	20.50	10.19	.73	-.40	.20	-18.18	.96	.29	F	43.2	99.0	2.0	14.5	.20	1.4	06-14-84	193.8	3.9	1.9	2.83	4.92	0184
Hook Drugs	HOOK	19.50	18.50	19.00	-.25	-1.30	29.75	18.50	-.37	.45	.94	-17.59	2.01	.03	Q	1.6	8.0	2.7	10.1	1.00	5.3	07-09-84	320.5	8.7	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	38.25	35.50	37.75	2.13	5.96	50.13	34.00	-.24	.85	2.70	-45.33	3.43	.45	Q	14.8	11.0	3.0	10.8	1.28	3.4	05-22-84	1214.4	36.4	1.9	.00	20.32	0184
Pay N Save	PAYN	17.50	16.25	16.50	-1.38	-7.69	28.75	14.38	-.06	-.95	-2.59	-36.84	2.02	.38	Q	25.1	3.0	2.5	8.7	.60	3.6	05-21-84	1220.5	30.1	2.0	9.01	14.37	0184
Pay Less NW	PAY	16.88	15.50	16.00	.13	.79	19.88	14.00	.24	.06	3.28	20.34	1.35	.28	F	26.1	1.0	2.9	11.9	.34	2.1	06-18-84	852.9	24.7	1.8	4.62	7.19	0184
Perry Drug	PDS	14.50	13.75	14.38	.38	2.68	22.38	12.38	-.24	.91	8.14	-45.90	1.02	.37	Q	50.0	11.0	1.6	13.0	.24	1.7	05-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	27.50	25.63	26.25	-.38	-1.41	37.50	24.00	.12	-.35	.15	-26.83	2.13	.56	N	29.7	24.0	3.7	10.8	.80	3.0	06-11-84	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	19.75	18.38	18.75	-.25	-1.32	23.44	17.50	-.06	.38	-.27	38.00	1.47	.29	F	24.5	31.0	5.1	12.8	.41	2.2	04-10-84	1223.3	62.2	1.7	.59	6.19	0283
Thrifty Cp	TFD	16.38	14.63	15.13	.50	3.42	24.50	11.50	.20	-.10	.89	-19.54	1.13	.28	S	28.0	19.0	1.9	11.8	.52	3.4	05-04-84	1187.8	22.5	1.5	5.39	6.83	0883
Walgreen Co	WAG	34.00	30.88	33.13	.50	1.53	40.38	28.63	.06	-.28	.71	35.07	2.24	.57	S	29.0	34.0	2.9	13.1	.72	2.2	05-14-84	2360.6	69.0	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	21.50	19.00	20.75	1.00	5.06	35.50	19.00	-.65	2.02	1.86	-21.79	1.60	.22	S	14.6	38.0	1.4	12.1	.32	1.5	04-25-84	1452.0	20.0	1.6	1.22	9.99	0883
McKesson Cp	MCK	35.00	33.00	34.00	-.25	-.73	50.50	32.38	-.04	.75	.25	34.08	3.44	.38	N	11.7	5.0	1.6	9.4	2.40	7.1	05-25-84	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	21.00	20.00	21.00	1.00	5.00	28.50	20.00	-.54	.67	12.92	48.55	.94	1.43	N	NC	103.0	.7	14.7	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	14.25	12.88	13.00	-1.13	-7.96	21.00	11.19	-.10	-.89	-.54	52.56	.89	.51	N	113.3	97.0	.4	13.5	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	11.75	11.25	11.75	.50	4.44	18.50	11.25	-.14	.08	1.98	-16.13	1.41	.48	Q	53.3	12.0	1.2	8.5	.36	3.1	03-09-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	22.38	19.38	19.50	-.50	-2.50	28.75	15.50	.23	-1.41	1.07	-6.56	1.78	.43	F	31.8	63.0	1.8	11.0	.14	.7	03-30-84	395.4	7.2	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	44.00	41.25	43.75	3.00	7.36	53.38	38.25	.19	.54	1.43	21.24	2.86	.50	Q	20.2	27.0	11.9	14.7	1.20	2.7	07-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	55.13	53.13	54.13	-.13	-.23	55.75	43.63	.29	.40	1.17	17.77	4.00	.41	F	11.4	17.0	12.9	13.5	2.64	4.9	05-07-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	16.25	14.75	15.00	-.88	-5.51	31.31	14.75	-.27	-1.34	2.92	26.22	1.45	.10	Q	7.8	24.0	11.8	10.9	.33	2.2	06-05-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	27.50	27.50	27.50	.00	.00	33.00	25.25	.24	.29	-3.39	.00	2.85	.47	N	17.6	14.0	9.7	8.8	1.00	3.6	06-05-84	219.0	21.3	2.5	2.35	17.84	0383
Bristol-Myers	BMY	48.50	45.63	47.25	1.50	3.28	48.50	35.75	.43	.44	-1.33	26.28	3.00	.45	Q	16.7	20.0	10.4	15.1	1.60	3.4	06-29-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	21.38	20.00	21.00	.25	1.20	28.75	18.00	-.11	.61	-.05	1.14	2.25	1.69	F	301.7	20.0	5.4	9.3	.48	2.3	04-13-84	323.1	17.5	2.6	1.57	20.15	0383
Cooper Labs	COO	25.38	23.13	24.63	1.13	4.79	25.75	10.38	.31	1.72	-6.44	-1.75	NA	NA		NA	NA	NA	NA	12	.5	03-12-84	NA	NA	NA	NA	NA	NA
Forest Labs	FRX	18.00	13.50	15.13	-1.88	-11.03	40.75	13.50	-1.49	1.61	7.77	-5.18	.54	.06	F	12.5	59.0	13.4	28.0	.00	.0	01-14-83	21.6	2.9	3.7	.37	3.03	0383
ICN Pharm	ICN	7.63	6.50	7.63	.63	8.93	13.88	4.88	.28	2.14	-4.37	50.69	.22	-.09	Q	-28.1	43.0	5.1	33.2	.00	.0	00-00-00	37.0	1.9	1.8	.65	3.81	1182
Key Pharm	KPH	13.50	12.50	12.63	-.38	-2.88	25.75	10.63	.33	-.48	.61	-9.48	.51	.17	F	50.0	60.0	14.8	24.8	.16	1.3	06-11-84	127.3	18.8	2.1	1.16	1.67	1283
Lilly Eli Co	LLY	63.00	59.13	63.00	4.00	6.78	68.38	56.63	.18	.55	1.98	-17.52	6.13	.89	Q	16.3	12.0	15.1	10.0	2.90	4.6	05-09-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	3.63	3.13	3.25	-.38	-10.34	3.75	2.00	.98	-1.55	.22	-38.65	-.49	.54	Q	NE	-57.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	38.00	34.13	37.50	3.63	10.70	48.00	27.25	.78	.28	5.06	-16.20	.78	.46	N	69.6	17.0	8.2	33.5	.40	1.1	06-14-84	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	91.25	87.50	90.88	2.50	2.83	104.63	82.63	.12	1.08	2.02	3.87	6.10	.58	Q	10.2	7.0	13.9	14.5	3.00	3.3	05-29-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	77.25	72.50	73.00	-3.63	-4.73	84.50	60.00	.00	-.47	-4.59	19.49	5.15	1.25	N	25.7	17.0	5.2	12.0	1.76	2.4	05-24-84	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	5.13	4.38	4.63	-.38	-7.50	10.75	4.25	-.09	-.82	3.54	-13.57	-.03	-.09	N	NE	14.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	33.25	31.50	33.00	.63	1.93	44.75	30.88	.12	.62	-1.57	-2.50	2.73	.60	Q	27.0	19.0	11.9	11.7	1.32	4.0	05-14-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	3.75	3.50	3.63	-.25	-6.45	6.00	2.75	-.52	1.33	-5.51	-40.80	.10	.03	N	30.0	56.0	6.1	27.9	.05	1.4	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	18.00	13.00	13.50	-3.75	-21.74	29.38	13.00	-.80	.68	5.35	-25.42	2.40	.20	Q	9.1	20.0	10.3	5.7	.68	5.0	05-04-84	563.5	58.2	3.2	1.30	13.99	1283
Rorer Group	ROR	32.25	30.00	30.00	-1.63	-5.14	34.25	25.25	.30	-.49	-2.13	-7.79	2.02	.24	Q	13.0	11.0	8.9	14.4	1.08	3.6	05-04-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	11.00	9.50	9.75	-.63	-6.02	29.00	9.50	-1.11	.09	-7.20	-18.12	1.13	-.39	N	-36.7	2.0	5.2	14.6	.32	3.3	03-14-84	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	45.25	41.13	45.13	4.00	9.73	55.88	37.50	.48	.84	.20	-16.99	2.39	-.17	F	-6.6	14.0	11.6	18.9	.52	1.2	05-08-84	946.0	110.0	2.2	4.10	13.32	1282
Squibb Corp	SQB	42.50	39.88	41.63	1.38	3.42	55.63	37.50	.18	.20	1.35	24.37	3.31	.30	F	9.9	6.0	9.8	12.6	1.44	3.5	05-14-84	1768.9	173.3	2.4	3.86	23.24	1283
Sterling Drug	STY	26.00	24.50	25.63	1.00	4.06	29.63	23.50	.14	1.07	-.28	-12.62	2.24	.13	Q	6.0	7.0	7.2	11.3	1.16	4.5	05-01-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	44.63	38.75	42.88	3.88	9.94	61.50	37.75	.07	.34	4.85	2.96	4.30	.40	S	9.9	36.0	17.2	9.7	1.60	3.7	05-07-84	870.2	149.3	2.2	3.37	18.11	0783
Thompson Med	TM	26.50	22.88	24.50	1.88	8.29	26.50	12.75	.65	.74	.23	-32.51	1.65	.76	Q	61.7	70.0	11.0	12.3	.40	1.6	06-11-84	149.4	16.5	4.5	.00	4.53	1182
Upjohn Co	UPJ	67.50	64.63	65.38	-1.63	-2.43	72.25	50.75	-.02	.11	-2.50	31.40	5.28	1.65	Q	38.7	2.0	8.1	11.1	2.56	3.9	03-30-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	31.50	29.50	31.00	.50	1.64	36.75	26.38	.24	.69	-1.33	8.93	2.51	.50	Q	23.6	1.0	6.5	11.9	1.48	4.8	04-30-84	3108.3	200.5	1.9	7.53	17.75	1283

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

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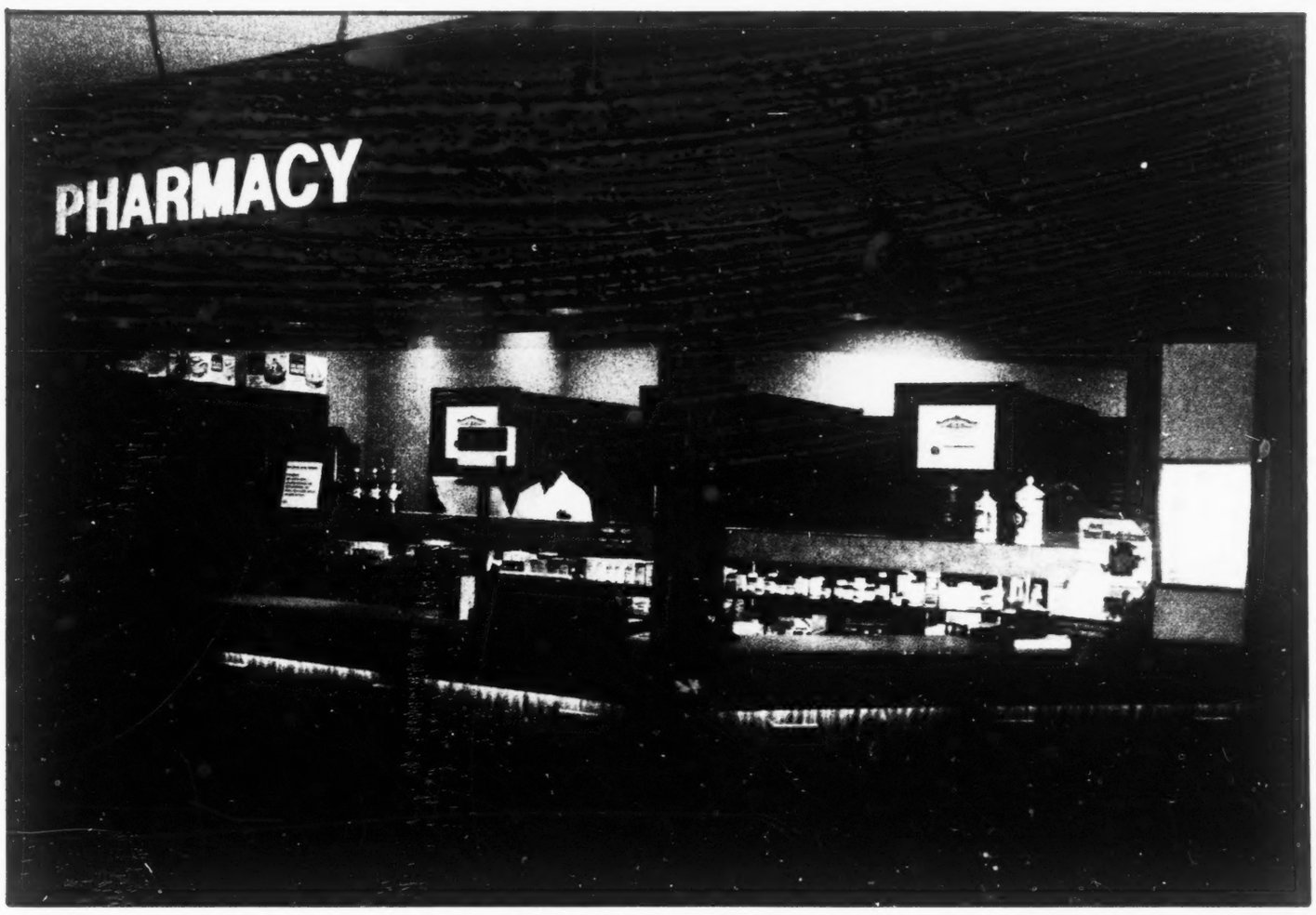
PHARMACY



Byerly's Pharmacy, located inside the chain's newest supermarket in St. Louis Park, Minn., strives for friendly, first-name service and competitive prices.

Personal service is Byerly's byword

By Harold Cohen, R.Ph.

ST. LOUIS PARK, Minn.—Byerly's Pharmacy, located within that chain's newest supermarket, is working hard at projecting a professional image that is more in keeping with conventional drug store practices.

Because the supermarket does little or no advertising of its pharmacy, the 400-sq.-ft. department must rely on high-quality personal service and competitive pricing to ensure its survival.

"We try to get to know our customers personally by name," said Ann Strachota, pharmacy manager. "Most people do not expect that kind of personal service from a pharmacy located in the middle of a supermarket."

Strachota and her coworkers use two special consultation windows on the side of the pharmacy, away from the cash register area, to answer questions from customers about their medication.

"We encourage our customers to discuss their medications with us," said Strachota. "Most people prefer to do this in a private setting like our consultation windows."

Also helping to boost the professional image is an on-line pharmacy computer system that tracks patients' records. The system is maintained by Viking Script Control.

Aside from handling routine pharmacy transactions such as labeling, pricing and receipts, the computer contains a complete interaction data base.

"We are able to warn doctors of serious or possibly fatal drug interactions before they happen," explained Strachota. "If the interaction is not that serious, we caution the patient that some side effects may take place."

But according to Strachota, one of the computer's major advantages is its ability to process the majority of third-party prescriptions that are brought into the pharmacy.

Because the pharmacy fills over 100 prescriptions daily, of which 60% to 70% are on a third-party plan, Strachota says the computer is a necessity.

"It would be very difficult to keep waiting time down to a minimum like we do if we didn't have the computer," said Strachota "You have to remember that many large companies like Honeywell, Control Data, General Mills and 3M are headquartered here."

While service is an important factor in the pharmacy's success, Strachota says it is not enough. Paying attention to the competition is equally important.

Continued on page 16

Waxman blasts patent-bill critics; bitter battle looms

WASHINGTON—House Health Subcommittee Chairman Henry Waxman (D-Calif.) has lashed out at drug industry critics of his compromise patent term restoration/ANDA bill, charging that maverick pharmaceutical manufacturers opposed to the measure are obsessed with avoiding competition from generic houses.

The proposal offers brand name drug manufacturers the opportunity to recapture up to five years of patent protection lost during the premarket approval process, while allowing generic firms to bring copies of "new" (post-1962) drugs to the market more quickly under a fast-track "Abbreviated New Drug Application" process.

Although Waxman's compromise plan sailed through his subcommittee late last month with the endorsement of the Pharmaceutical Manufacturers Association, the legislation still faces a series of bitter battles on Capitol Hill because of continued opposition from dissident PMA members who believe the bill is tilted too far in favor of their generic competitors.

During House markups on the measure, Waxman blasted those pharmaceutical industry critics, accusing them of attempting to stall the compromise in order to avoid price competition from generic drug producers.

See related story, chart page 14

"They do not care if patent life is restored," Waxman said of the PMA dissidents, "only that generic drugs cannot be marketed."

Opponents of the compromise—including such major brand name pharmaceutical makers as Bristol Myers, Merck, Sharp & Dome, Squibb,

Continued on page 14

NACDS to develop 'model' Rx crime law

WASHINGTON, D.C.—While the ink was still drying on legislation granting Federal authorities jurisdiction over controlled-substance robberies, key drug store industry groups were already mapping plans for new lobbying campaigns to secure new pharmacy crime laws.

The National Association of Chain Drug Stores, for one, is developing a "model" pharmacy robbery statute designed to fill in any possible "gaps" between the new Federal Rx crime bill and state laws.

Although the new Federal pharmacy crime bill signed into law by President Reagan last month "is an important victory that will bring the full resources of the Federal Government to prosecute the most appropriate cases," NACDS officials stressed that state and local law enforcement agencies will continue to play "the primary role" in "fighting violent crimes which involve controlled substances."

As a result, "the chain drug industry intends to pursue en-

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Fee limits, waivers for HMOs threaten retail pharmacy

BENCHMARKS

By Joseph Caputo, R.Ph.
Pharmaceutical Editor

Government has gone too far. By prohibiting pharmacists from collectively bargaining for better dispensing fees and by granting special waiver privileges to PPOs and HMOs, pharmacy as we know it may one day be extinct.

More to the point: When do joint buying efforts of health care by groups of economy-minded consumers and personnel officers of large industrial corporations constitute restraint of trade?

The question once thought to be a moot issue has taken on significant complications for retail pharmacy as third party prescription plans increasingly advise participants where to shop for their pharmaceutical services.

An HMO in Philadelphia told its subscribers that their prescriptions could only be acquired from one of three selected chains in the area, or through a mail-order prescription supplier.

On the surface such an arrangement stinks of cigar-filled rooms and deals cut behind closed doors. But if each chain and mail-order prescription supplier bargained without knowledge of the other suppliers' terms then the courts would say trade is not restrained.

Such arrangements supposedly keep competition alive and well, at least in the short term. In the long term another picture emerges. As fewer suppliers survive, those remaining tend to jack up consumer prices to prohibitive levels. Then the cycle begins again with more small operators entering the market. Except here they can't because the market is effectively closed.

These exclusive contracts ultimately cut down on the number of pharmacies servicing an area, and the smaller supposely less-efficient ones go out of business. Up until recently most people considered life-giving drugs to be a necessity, and these items were widely available rather than being confined to a few select suppliers.

A number of chains now participate as preferred providers, for a wide variety of health plans. But they too will soon find themselves in the same dilemma as their independent cousins.

HMOs usually keep chains as suppliers for two-four years, then as more people become enrolled and script counts soar, a change takes place. HMOs discover the savings when the prescription program is moved in-house. So, economics dictate that provision of pharmaceutical services be supplied by the health plan or one of its satellite pharmacies, thereby preventing others from competing when prices escalate.

Some independents are seeking a solution to their dilemma: Realizing that the significance of being barred from provider status is a major problem, and that the problem can't be remedied under the anti-trust law, a new tack is being employed.

A group of 200 Florida-based pharmacists is examining the feasibility of group-purchasing through selected wholesalers. Details in the program are yet to be worked out, but apparently participants in the program will seek chargebacks of the difference between bid prices and the prices at which they are initially billed.

A pharmacist in this market told *Drug Store News* that this was the only way he could remain competitive and hold onto his institutional and third-party customers.

If the pharmacy buying group concept fails, perhaps the profession should apply for endangered species status. Then at least those responsible for killing once-thriving businesses could be made responsible for preserving and guaranteeing their survival.